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Home Market and Farm

HOW THE AGRICULTURAL AND INDUSTRIAL PROSPERITY OF CANADA DEPEND ON EACH OTHER, AND WILL BE HURT BY RECIPROCITY WITH THE : : : UNITED STATES : : :

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HOME MARKET AND FARM.

HOME MARKET—U. S. MARKET—BRITISH MARKET—MANUFACTURERS AND FARMERS ESSENTIAL TO ONE ANOTHER

In the contest over the reciprocity agreement with the United States of America there has been a tendency among certain newspapers and public speakers supporting the agreement to incite the farmers against the manufacturers. One of the objects of this pamphlet is to show that the farmers and industrial classes of Canada have common interests.

WHERE CAN YOU SELL?

The question of markets for the sale of that which is produced in any country is the all important question, whether it be the products of agriculture or the products of manufacture. A market is either the home market or the foreign market. By the home market is meant the market within Canada. By the foreign market is meant the market elsewhere than in Canada.

Speaking generally, and year in and year out, that it is better for a country to have a home market than a foreign market for its products, whether of agriculture or of manufacture, admits of no dispute. There may be localities within a large country like Canada, where, for limited periods, the market of an adjoining country so large as the United States may, with respect to some products, be the better one; but this will always be the exception and not the rule, and will be confined to limited districts and to limited and intermittent periods.

THE GOVERNMENT'S BUSINESS.

The efforts of the Government of every country and of the producers in it are always directed to the supply of their home market first and to prevent the capture of that market by foreign competitors; and, as a necessary consequence, the home market in any country is the steady and continuous market for the productions of that country, and the foreign market in any country having similar products is the unsteady and intermittent one.

Speaking generally, the United States of America and Canada are producers of the same natural products and products of agriculture and manufacture. But the two countries, because of the vast differences in populations and in development of manufactures, cannot be compared and cannot compete on equal terms. The fact that the natural resources of the United States have been to a large extent depleted and

are insufficient for their needs makes the inequality still more glaring.

When settlement begins in any country for the first time there is practically no home market, and no manufactures. The needs of the settlers which cannot be supplied by themselves must necessarily be supplied from some other country. This gives rise to the establishment of places for the importation and sale of goods. As settlement increases and the needs of the country grow, villages and towns spring up to supply the wants of those engaged in producing from the soil, whether as sellers of their products or as buyers of that which they do not produce.

BEGINS IN SMALL WAY.

The home market in this way begins, and it is necessarily very small. The towns and villages practically depend for their support upon the surrounding country, and upon the needs of the farming community; and the ability of the farming community to dispose of their products in this home market is necessarily very limited. In a country as productive as Canada the supply of agricultural products soon exceeds the demand, and the question of how and where to dispose of the surplus products soon arises. When considering conditions in Canada, its proximity to the United States must always be remembered.

As the only market for the surplus produced in any country, over what is required for its home market, is the foreign market, and as the market of the United States was the nearest to Canada, and as all natural conditions favored trade with the United States, the people living in the northern half of this continent when its settlement began, and when its productions exceeded the demand of its home market, naturally found their foreign market mainly in the United States. The artificial conditions of transport and communication at that time also favored the dealing in this market.

FARMS DON'T SUPPORT FARMS.

There is practically no home market for the products of agriculture among the producers of agricultural products; they do not, as a rule, sell to or buy from each other. The home market for them must be found in the cities, towns and villages of their country, and so long as these places depend for their growth upon the needs of the farming community the extent of the home market for farm products must necessarily be measured by the extent of these needs.

It is therefore of great importance to the farming community that cities should increase in size, that towns should grow into cities, that villages should grow into towns, and that new villages should spring up; otherwise their surplus products will continue to increase unduly beyond the capacity of their best market, viz., the home market. An increase to the agri-

cultural settlements of a country by immigration will to a certain extent increase the size and number of the cities, towns and villages, but it will also increase the supply, and the home market will still be measured by the extent of the needs of the agricultural community. How, therefore, can the home market for the farmers be enlarged? The answer is: By the establishment in the country of manufacturing industries.

FERTILE SOIL; SLOW PROGRESS.

Let those who lived in Canada prior to 1879 look back upon the conditions then existing. We can remember the jealousy with which we regarded the marvellous increase in prosperity in the United States, and the vast growth of their cities and towns. We can remember the feeling of chagrin with which we compared the size and appearance of the border towns and cities in Canada with those immediately opposite to them in the United States.

We knew that the soil of Canada was quite as fertile, that her natural resources were as great and as valuable, that her people were as intelligent, as capable and as industrious as those of the United States, yet we wondered why our population did not increase, why our cities and towns did not grow, why we could not produce in Canada what was produced in the United States and what we had to buy from them. We wondered why Confederation, which took place in 1867, had not during the twelve years of its existence brought forth the results promised for it.

Those of us who lived in the old Province of Canada (now Ontario and Quebec) remembered that during the Reciprocity Treaty which existed from 1854 to 1866 the trade of that old province was good, and that its surplus products of agriculture (it had few manufactures) found their way readily to the foreign market of the United States, and we grew up and continued in the belief that reciprocity with the United States was essential to the welfare of Canada.

STATES PUT UP WALL AGAIN.

The effect upon prices of the Crimean War and of the Civil War in the United States while this treaty lasted, and the effect of its abrogation in 1866, and the difficulty of the task undertaken by Canada to enlarge her home market and to overcome the natural disadvantages of east and west trade as compared with trade north and south, have been dealt with in the first pamphlet issued by The Canadian National League, and it is unnecessary to enlarge upon them here. Suffice it to say that when the United States put up their tariff wall against Canada the majority of our people for the first time realized the importance of establishing our own manufactures and of thereby enlarging our own home markets and of consolidating our Dominion by east and west trade and trade with Great Britain. We had the great and successful example of the

United States itself as our guide, and in 1878, by an overwhelming majority, the people of Canada pronounced in favor of a tariff protecting home industries and home productions of all kinds. In 1879 this policy was established by Parliament, and its results are well known.

INDUSTRY EXPANDED.

The immediate effect of a policy of protection was to increase the number of manufacturing establishments in Canada. There was a terrible depression during the late seventies, when soup kitchens were important winter institutions in many cities and towns. The census of 1881 showed that the manufacturing establishments had increased from 41,259 in 1871 to 49,928 in 1881; and their capital from $77,964,020 to $165,302,623. In the next ten years the number of establishments increased to 75,964, and the capital to $353,214,000. This result was achieved in spite of the facts that population was sparse, that the resources of the country were very imperfectly and partially developed, and that capital could only be obtained with difficulty. For many years there had been an emigration to the United States which could not be stopped suddenly. Western Canada at that time might almost as well have been in Western Asia, for a thousand miles of rock and forest lay between cultivated Ontario and the vast plains of Manitoba and the North-West Territories—a barrier which many people thought could never be successfully overcome.

PLENTY FOOD; LITTLE CLOTHES.

The farmers produced large quantities of perishable stuff which they could not profitably sell at home or profitably export. The conditions of shipment to Europe were exceedingly primitive in comparison with the cold-storage and other facilities of to-day. Were it not for the steady increase of manufacturing the plight of the farmer would have been very much worse than it was.

If there had been no increase in industrial enterprise in Eastern Canada, the home market for farm products would have been insignificant. If immigration to the farming districts had rapidly increased, prices would have been depressed more and more, and the farmer, although he would have had abundance to eat, would have had difficulty in finding the wherewithal to be clothed, or comfortably housed, and he would have been unable to equip for other pursuits those of his children who were not naturally suited for agriculture.

During these comparatively lean years, the foundations of national prosperity were well and truly laid. The factories which were established helped materially to demonstrate to the world that Canada was not a snow-bound, forest-covered country in which only the simplest forms of civilization could endure. Industrial communities became more numerous, and as the western development expanded, the cities and towns were ready for the expansion, and were utilizing a larger and

larger proportion of agricultural products on the sale of which the farmer's prosperity depended.

How true this is is proved by a comparison of prices.

The following prices were paid to farmers at Toronto on the dates named:

Produce.	Dec. 1st, 1880.		Dec. 1st, 1910.	
Hay, ton	$9.00 to	$13.00	Timothy.....	$17.00 to $19.00
Straw	7.00 "	8.50	Clover.....	14.00 " 16.00
Dressed hogs, cwt.	5.75 "	6.00	.....	17.00 " 18.00
Beef, hindqrs, cwt.	4.50 "	5.00	.....	9.50 " 9.75
Chickens, pair ...	.30 "	.40	.....	9.50 " 10.50
Ducks, pair	.50 "	.60	lb.....	.13 " .14
Turkeys, each ...	.75 "	1.25	lb.....	.14 " .16
Geese, each	.45 "	.60	lb.....	.18 " .21
Butter, lb. rolls...	.20 "	.23	lb.....	.12 " .14
Butter, lb. dairy..	.20 "	.21	Dairy.....	.25 " .30
Eggs, doz.	.20 "	.22	Inferior.....	.21 " .23
Apples, bbl.	1.00 "	1.75	.....	.50 " .55
Potatoes, bag	.45 "	.50	.....	3.00 " 4.50
Cabbage, doz.	.25 "	.50	.....	.80 " .90
			.....	.25 " .40

HOW TOWNS INCREASED.

These increases in prices have coincided with increases in population of manufacturing cities and towns as the following figures show:

	1881	1901	1911 (est.)
Berlin, Ont.	4,054	9,747	14,000
Brantford, Ont.	9,616	16,619	25,000
Guelph, Ont.	9,890	11,496	14,000
Hamilton, Ont.	36,661	52,634	73,538
London, Ont.	26,226	37,976	53,000
Ottawa, Ont.	31,307	59,928	125,000
Owen Sound, Ont....	4,426	8,776	12,500
Peterboro, Ont.	6,812	11,239	18,000
Sarnia, Ont.	3,874	8,176	9,750
Sault Ste. Marie, Ont.	780	7,169	12,000
St. Thomas, Ont.....	8,367	11,485	15,000
Toronto, Ont.	96,196	214,131	350,000 (over)
Windsor, Ont.	6,561	12,153	16,000
Woodstock, Ont.	5,373	8,833	9,500
Lachine, Que.	2,406	5,561	7,000
Montreal, Que.	155,238	267,730	483,000
Sherbrooke, Que.	7,227	11,765	16,000
Hull, Que.	6,890	13,993	15,200
Fraserville, Que.	2,291	4,569	8,300
Chatham, N. B.....	....	4,868	6,000
St. John, N. B.....	41,353	40,711	50,000
Halifax, N. S.....	36,100	40,832	52,000
Sydney, C. B.....	1,480	9,909	20,000

IMPOSSIBLE WITHOUT TARIFF.

This development went on because the policy which Canada pursued established the Canadian market for Canadian farmers, and enabled Canadian manufacturers to hold their own in their own country. This would have been impossible if there had been unequal competition from United States manufacturers with larger and more efficient plants, and from other

countries enjoying the double advantage of cheap labor, and accessibility to extensive markets.

The evidence of the action and reaction of Canada's protective policy is not merely a matter of official statistics. Go to the market-places in cities and towns all over Canada and question those farmers and their wives who can speak of conditions before and since 1879; they can tell of the **increase in the price of farm produce since 1879**. Visit the farms themselves and compare the standard of comfort prevailing to-day with that which prevailed in former years.

THE FOOD WE EAT.

It must not be supposed that the people of the East are supplying their compatriots with manufactures and are purchasing nothing from them. The Government figures for agricultural production for 1910 show that wheat, barley and oats grown in Canada were worth $248,738,300. The imports for consumption totalled $205,800. The exports of the three cereals were worth $48,497,175 so that there were consumed in Canada wheat, oats and barley worth $200,446,925 or 80½ per cent. of the total production. Of the field crops, which were worth $507,185,500, home consumption accounted for 90 per cent. of the total.

The Dominion Department of Agriculture gives the annual consumption of wheat at $6.24 bushels per head of the population. In Ontario, Quebec and the Maritime provinces the estimated population is 5,590,293, consuming 36,832,055 bushels. The Dominion Government gives the merchantable harvest of wheat of the five eastern provinces as 19,295,000 bushels, so that **of western wheat there is an actual consumption in eastern Canada of 17,537,055 bushels**. Several million bushels of oats and barley are also taken by the east and a large proportion of the western crop of flax.

WEST WILL MANUFACTURE.

The process of developing inter-provincial trade, therefore, is going on remarkably well. Twenty-five years ago a prediction that Eastern Canada would consume nearly twenty million bushels of prairie-grown wheat would have been laughed to scorn. But while the east is largely manufacturing for the west it must not be supposed that the west will not manufacture more and more for itself. Its purchases from the east will increase because it is itself increasing so rapidly that the western manufacturer will not for many years be able to overtake the needs of the western farmer. It is obvious that the west will develop its own home market. Indeed, it is doing so to an unexpected extent. It used to be said that Winnipeg would never be a manufacturing city. The Industrial Development Bureau of that metropolis reports that it already

contains 241 factories with an annual output worth $36,500,000 and employing 15,000 hands.

Three governing factors in manufacturing are the cost of raw material, power and labor. Because the west is deficient in some kinds of raw materials it does not follow that it will do but little manufacturing even in such materials. Take the case of oak furniture, for instance. It costs much more to carry a finished chair from Toronto to Winnipeg than to carry the raw material out of which the chair is made. The real problem of manufacturing oak chairs in Winnipeg to-day, therefore, depends upon the cost of power and labor in that city. The same can be said of many other articles.

WHITE COAL IN WINNIPEG.

The proximity of coal is not as governing a condition in manufacturing as it used to be. Take the case of Winnipeg, for instance. Within transmissible distance of that city there are immense water powers capable, it is said, of running at a less cost for power as many factories in Winnipeg as there are in Chicago, a city which is close to immense coal fields. Two such water powers on the Winnipeg River are already lighting the city, driving the street cars and running manufacturing plants.

Where the cost of raw material and power are not prohibitive, the labor question will in time settle itself, and with the same protective encouragement under which the eastern manufacturer and farmer have prospered, the west may be relied upon to overcome primary disadvantages and to establish manufactures and home markets for its farm produce, but if the protection be removed, and if our natural resources be thrown open to the United States, and unequal competition with our manufacturers, and, in many things, with our farmers be allowed, as would happen under this reciprocity agreement, then the development of home markets in the west could not go on, and its people would be at the mercy of American producers and American trusts.

CHANCES FOR WESTERN CITIES.

If encouraged by protection, even in central and northern Saskatchewan, power may be developed along the Saskatchewan River. Saskatoon and Prince Albert are dealing with the problem. Alberta possesses the double advantage of water power and abundant coal. Edmonton is on a coal field. Calgary has an illimitable supply within a few miles. Lethbridge has big coal mines. Medicine Hat is lighted, warmed, and machined by natural gas.

One great impulse towards the expansion of the West's home market by manufactures is the lessening of the fertility of the soil by constant cropping with wheat, and the burning of straw. Southern Manitoba already feels the necessity for mixed farming even as it was felt in such prairie States as

Illinois and Iowa. This economic pressure will become more and more acute. The extension of mixed farming will naturally accompany the extension of local industries, and vice versa.

W. B. Lanigan, assistant freight traffic manager of the Canadian Pacific Railway, points out that Western farmers do not realise the seriousness of the conditions in which they are placing themselves, for vast quantities of foodstuffs are being imported from the East, from the United States, and from abroad.

Last year, he said, one firm alone shipped in 1,000 cars of packing-house products to supply the cities of the West. In the same year several thousands of horses were brought into Western Canada from the United States. Again between 200 and 300 carloads of mutton were shipped in for the mining camps of British Columbia, and a good deal of this came to Winnipeg. Also during the past winter months Winnipeg imported from Dakota and Minnesota $10,000 worth of milk.

Another point to be remembered is that vegetables for Winnipeg and other cities in the West are daily imported from Chicago and the Twin Cities, and potatoes consumed as far west as Revelstoke are shipped from as far east as Prince Edward Island. Again, fresh beef is being imported daily, killed in the abattoirs of Toronto, and no less than seven carloads were brought in one day last week. In other words, Manitoba, which boasts of its agricultural wealth, does not produce the stuff to feed itself and its own cities, and even the farmers themselves are buying farm products.

INSTEAD OF U.S. PRESERVE.

The Reciprocity Agreement, by facilitating the diversion of the crops of Manitoba, Saskatchewan and Alberta to the manufacturing districts of the United States, will make it very much more difficult to enlarge the home market in the West by the establishment of industries in those provinces. There cannot be free trade with the United States without making it easier for the United States manufacturers to capture our western market. The Canadian prairie country will become a preserve for the United States manufacturer rather than a self-sustaining community holding a great, if not a dominating, position in the Dominion of Canada.

The United States many years ago saw the vital importance of developing its own home market. The situation has been best described by Mr. James Wilson, Secretary of Agriculture for the United States, who says:

DIDN'T WORK FOR REPUBLIC.

The American farmer brought about the building of the American factory, because he wanted a home market. The home market is the best to be found anywhere, because our people live well and are all able to buy the best farm produce, that is, all who are willing to work. It may be said, without much exaggeration, that the American farmer is responsible for the upbuilding of the factory. He has voted steadily for half a century to give protection to the extent of the difference in cost of production between this country and any country that desires to sell in our markets. Was that right or wrong? Was it wise for the farmers to do that? There was no market at home. They wanted a market as near the factory as they could bring it.

The United States home market would have been even better than it is had it not been for **the Canadian National Policy which has brought into Canada many branch factories from the great concerns of the United States.** If there had been no tariff these establishments would have remained in the United States, to the advantage of the American farmer and the disadvantage of his Canadian brother. In the United States efforts have been made to stop the movement, and to prevent to this extent an expansion of the home market for the Canadian farmer. Senator Beveridge, of Indiana, expressed the feeling of his countrymen when he wrote:

There must be reciprocity with Canada. Our tariff with the rest of the world does not apply to our northern neighbor. That policy already has driven American manufacturers across the Canadian border, built vast plants with American capital on Canadian soil, employing Canadian workingmen to supply trade. That capital should be kept at home to employ American workingmen to supply Canadian demand.

WOULD TAP OUR RESERVOIR.

As an indication that this idea is not confined to politicians, here is a citation from a pamphlet "Judge for Yourself" issued by the Associated Manufacturers of Minnesota:

If the manufacturing industries are driven out of our centres of population the farmers' best customers are taken away and the inevitable result is reduced prices for farm products because of the lessened demand. Reciprocity will stop the leak of our manufacturers moving to Canada. Seven hundred and fifty American manufacturers have opened up in Canada in the last ten years. As many more will be apt to follow if we fail to stop the leak by now agreeing to the reciprocity treaty.

An additional reason for this desire to restrict the Canadian home market is discoverable in the **approaching exhaustion of the primary natural resources of the United States.** Canada is rich in natural resources. She holds, for instance, a far larger supply of pulp-wood than the United States. One explanation of the extraordinarily vigorous press campaign in the United States in favor of reciprocity with Canada is the desire of the publishers to obtain, at the cheapest possible rate, unlimited access to Canadian pulpwood, which it is desired to manufacture into paper in the United States. If the reservoir of natural wealth in Canada can be made accessible, on their own terms, to the United States, the policy of conservation which is being carried out as an outcome of President Roosevelt's administration, will have far greater chances of success. Its effect will be disastrous upon any conservation policy of the Dominion Government intended to preserve and enlarge the natural wealth remaining at the disposal of the Canadian people.

PRESIDENT TAFT S TEMPTATION.

It is worth while reading some of the statements of President Taft in this connection:

It is perfectly evident from the statistics that our general lumber supply and our supply of spruce wood for paper making are being rapidly exhausted.

One of the great objects of the treaty, one of the great reasons for its making and submission to Congress was the conservation of our natural resources. As the supply is being exhausted we ought when we can to enlarge the sources from other people and secure it at reasonable prices.

There are other natural resources which I need not stop to enumerate, which will become available to us as if our own, if we adopt and maintain commercial union with Canada, and this is one of the chief reasons that ought to commend the Canadian agreement to the farseeing statesmanship of leaders of American public opinion.

While wheat is not a primary natural resource as pulpwood is, it is **raw material for the milling industry,** which in Western Canada is of increasing importance to the industrial and agricultural future of that country, because of the number of people employed, and because of the value of the offal to mixed farming.

WORKING FOR MINNEAPOLIS.

Reciprocity is intended to make Minneapolis and other American cities absolutely predominate in the milling world. This aspect of the prevention of a home market in Western Canada has been most thoroughly exposed by the North Western Miller, the principal organ of the American milling trade:

The disposition of Canada's surplus is a question upon the answer to which depends the future, not only of the milling interests of the (American) Northwest, but indeed of the United States. Should this surplus be shipped abroad, it must inevitably mean the destruction of the American export trade, the shifting of the American milling centre, the gradual decline of the American milling interest to a comparatively unimportant place in the list of large American industries.

The miller who is able to grind this enormous (Canadian) crop will be the miller of the future, and where he is, there will be the great mills of the world.

The future of the American milling with free Canadian wheat secured is a grand one. With this enormous crop flowing into the mills and elevators of the States, a splendid tide of prosperity would follow in its wake. The mills of America would go forward on their developing course, new mills would be built, and capacities enlarged. New markets abroad would be conquered.

FACTOR OF TRANSPORTATION.

New railways would be extended into the wheat-growing territory. American railroads carrying flour from the mills would secure additional freights; American banks would obtain increased deposits, and greatly enlarged exchange accounts; American mill operatives would be in demand, and payrolls would be increased; mill machinery, bags, barrels and other mill supplies would be required in larger quantities; more money would be in circulation, and the benefit would be felt in every artery of industrial life touched by milling.

There would be an increase in grain firms, in elevators and in every branch of the grain-handling and flour-making interests. This would be felt in the added value of real estate and in the solid and substantial development of every undertaking and enterprise that makes a community prosperous.

Obviously, the utilization of Canadian raw material in American factories, instead of in Canadian factories, must have

other effects upon Canadian commerce, as a whole, than the operations immediately involved.

Free access by the United States to Canadian materials would give an advantage to American manufacturers which they do not now possess. This in turn, would restrict the output of Canadian factories, and, as a consequence the number of hands employed would be less and there would be a smaller industrial population to purchase farm produce. No small part of the industrial population is engaged in east-and-west transportation business. How large a factor transportation is can better be appreciated when it is realized that it involves the manufacture, not only of rails, engines, cars, but all the plant required to run the most stupendous business in the country.

ASSIST AMERICAN RAILWAYS.

Canadian railways have spent every year millions of dollars on rolling stock made in Canada. The cars which would carry the raw material into the United States would be furnished by the American railways, and would come in and out of Canada free of duty. No part of their cost would go into Canadian labor. No benefit from it would accrue to the Canadian farmer.

Clearly the march on Canada, disclosed in the speeches of President Taft and a host of minor men, as well as in articles in leading publications, is bound to injure both the farmer and manufacturer in their most precious asset, the home market.

All this may be true, say the advocates of Reciprocity, and yet the Canadian farmer will be very much better off, because, there is at his door, in addition to his home market, a market of ninety millions of people, and two markets are better than one.

NO NINETY MILLION MARKET

This alleged ninety-million market is the most delusive fallacy of defenders of the Reciprocity Agreement. The market is not there for the farmer. Nobody has yet claimed it to be there for the manufacturer.

Consider the facts. The total population of the United States is about ninety millions. According to the last complete census returns of the United States, **35.1 per cent. of all the families of the Republic were "farm families,"** which means that of a population of ninety millions, thirty-one million, five hundred and ninety thousand people were living on farms, who would certainly not buy the products of Canadian farms. There are probably in the country towns and villages contiguous to the farms about twenty million people who would certainly buy their supplies from the contiguous farms and not from Canada.

It is inconceivable that the Southern and Southwestern States would provide a market worth considering for any kind of Canadian farm produce. The population of these States was, by the census of 1910, over thirty-six millions. Deduct from the ninety millions the farming community and those in the Southern and Western States who are not farmers, and those in the country towns and villages referred to, and how many are left who could in any way be relied on as consumers of Canadian farm produce in competition with the farmers of the United States?

REDUCE COST TO U.S. CONSUMER.

The ninety million market, reduced to facts by common sense, means a chance only, and that an intermittent one, of selling at a profit some of our farm products to some of the people of the cities and towns not far from the international boundary line.

To create and encourage a community of interest between the whole of Canada and the United States because of temptation at a few points along the border, is to reverse the whole policy on which Canadian nationality has been nourished. But is it likely that the chance of selling at higher prices in these cities and towns will be realized?

So far as trade in eatables is concerned, the desire of the American people is to use reciprocity with Canada as a means to reduce prices. If prices are high in Detroit and Buffalo because the tariff makes it difficult to obtain Canadian produce, the removal of the tariff must instantly reduce prices in those cities. **Reciprocity with the United States will not give to the Canadian farmer a better market than his market at home, but it will reduce costs to the American consumer.**

NOT USING ALL THEIR OWN PRODUCE.

The prices which will follow the practical abolition of the tariff on natural products will be governed by the general average of conditions over the whole of the territory affected, with modifications here and there, according to local conditions and facilities of transport and exchange.

The United States as well as Canada produces more food than can be consumed at home, and exports vast quantities to Europe. The Americans want access to Canada's primary natural resources, and a larger market for their own products. President Taft, replying to a deputation of the National Grange, said:

> If we take down that wall we will benefit by it, for we shall sell more agricultural products to Canada than she will sell to us.

The balance is against the Canadian farmer as it is: Within the last five years Canada has bought $65,485,000 worth of breadstuffs from the United States, while she has sold them only $12,937,700 worth. Within the same period Canada

bought from the United States $17,800,000 worth of meats and dairy products and sold only $1,287,000 worth.

But it is asserted that the United States must soon cease to be an exporter of foodstuffs because of inability to feed its growing population. This also is a fallacy, founded on the fact that the people of the United States have not hitherto made the most of their lands, and on an apparent ignorance of the equally important fact that great improvements are constantly being made in agriculture.

BILLION ACRES IN FARMS.

The latest Year Book of the United States Department of Agriculture contains a valuable article on "The Future Wheat Supply of the United States" by Mr. M. A. Carleton, who bases his conclusions on a mass of official data. He estimates the total farm area in the United States at about 1,050,000,000 acres, of which 46,50[illegible] acres are in wheat. Following a decline in the proportion of land sown to wheat, there has, Mr. Carleton says, "already begun a considerable expansion in wheat area," and taking all the conditions into account he anticipates an increase of 30 per cent. in the wheat area during the next forty years, which will bring the acreage up to about eighty millions.

While the acreage is increasing, the production per acre is also on the up-grade. Mr. Carleton says that if only the present rate of increase is maintained

INCREASING WHEAT YIELD.

The added yield per acre, by 1950, would be 4.5 bushels. This increase in acre yields, however, goes on much more rapidly each decade, as there is a more rapid diffusion of knowledge of improved methods of culture and seed selection, use of better varieties, etc. All farming [illegible] also become more intensive. Six bushels of actual increase in acre [illegible] by 1950, or about 20 bushels per acre, is, therefore, surely a safe estimate. Twenty bushels per acre on a basis of 80,000,000 acres, before estimated for 1950, will furnish 1,600,000,000 bushels.

The improvement in wheat production is only one factor in the agricultural situation of the United States. The Federal Department of Agriculture is spending immense sums on the improvement of farming methods generally. Every State maintains agricultural colleges which are producing remarkable results in the better productivity of the land. Tremendous areas, formerly regarded as barren, are being brought under irrigation in the Western and Southwestern States. The Government up to 1907 had expended $148,000,000 on reclaiming lands supposed to be barren. Since then a further 3,000,000 acres have been reclaimed at a cost of about $70,000,000, and private investment in addition to the Government's undertakings is estimated at ten times that amount. Already the irrigated lands are producing yearly crops worth $250,000,000.

In 1910, the United States producer, after supplying his home market, exported crude foodstuffs and animals worth $90,479,992, and foodstuffs partly or wholly manufactured

$254,733,306. The United States farmer, therefore, is really a competitor of the Canadian farmer in the foreign markets. In his own home market how is it possible for the Canadian farmer to compete with him?

The advocates of Reciprocity do not deny that under existing conditions it is impossible for Canada to send any considerable quantity of farm produce to the United States, or that the United States farmer raises a greater variety of produce than the Canadian farmer. But, they say Reciprocity will change the fundamental conditions for the better. For instance, as the duty is to be taken off live animals, the middle and Western States, which grow immense quantities of corn, will purchase young cattle in Canada for fattening purposes. If this were so, it could only mean that the Canadian home market would be supplied by the American trusts with American-fed beef, and that the prices to the consumer would be raised by the trust, which would have annexed Canada to its selling territory.

NIAGARA FRUIT PRICES TUMBLE.

The whole tendency of the removal of the tariff must be to open Canada to the finished products of the United States farmer, and to bring the cattle industry in Canada down to the level of a producer of raw material for American barns.

This applies to practically everything which goes straight from garden and field to the kitchen, as well as to the vegetables and fruits which the farmer supplies to canning factories, and which, under Reciprocity, would be sent in unlimited quantities from the south, to the prejudice of prices which the Canadian farmer would otherwise receive for his later-grown fruit. The statements made to the Government by the protesting fruit men of Niagara Peninsula are convincing on this point.

Mr. Thos. Delworth, Secretary of the Vegetable Growers' Association, gave the market record for tomatoes, showing that while early sales were made at $1.00 a basket, a few days later the prices ran down to 10c. a basket. This showed how the price was affected by the supply and indicated the effect on the price of Canadian early vegetables and fruit with early American vegetables and fruit coming in free.

FAVORED NATIONS INVADE.

The United States is not the only country which has been brought into competition with the Canadian farmer by the Reciprocity Agreement. Automatically, the advantages given to the United States, are conferred upon twelve other nations as well as upon other portions of the British Empire which export farm produce in competition with Canadian produce. The twelve favored nations are: Argentina, Austria-Hungary, Bolivia, Colombia, Denmark, Japan, Norway, Russia, Spain, Sweden, Switzerland and Venezuela.

Upon this subject, Mr. F. W. Field, editor of the Monetary Times, the oldest financial paper in Canada, says:

In six years these twelve nations have sent into Canada articles which we are producing to the value of $33,356,102, an average of $5,559,350 a year. One of the largest items is flax seed, valued at $5,747,612. We imported in the six years 4,702,090 bushels of flax seed, considerably more than the yield of flax in Canada in 1910, which amounted to 3,802,000 bushels. Southern Saskatchewan is producing about nine-tenths of the flax seed grown in Canada. Last year its yield was 3,044,138 bushels on a sown acreage of 396,230. Saskatchewan is specialising on flax and perhaps has not seriously considered the immediate possibility of strong competition in this direction from the favored nations.

These nations shipped to us in the six years vegetables (excluding potatoes) valued at $4,755,908.

Here we open the door by means of the reciprocity agreement to competition in market gardening, a development which should receive great impetus during the next few years. British capital has been placed in suitable land adjoining the city of Toronto, where it is intended to grow market garden produce. That is only one instance of activity along this line, which must be seriously checked by the importation of vegetables. While the Dominion Government's special commission on sheep raising is considering the fostering of that sadly neglected industry in Canada, the twelve favored nations shipped to us in the six-year period 359,447 head of sheep, valued at $1,151,022. The sheep and cattle ranches of Canada do not require keener competition to stimulate the owners to greater activity.

AUSTRALIA IN OUR MARKET.

This business has been done by the twelve nations in spite of the tariff. It must increase enormously whenever entry becomes free as the result of the agreement. Notwithstanding the existing customs duty **Australia has begun to compete in meats against the Canadian farmer** at his own doors, the enormous advantage of a practically winterless climate, which reduces the cost of producing meat, enables this to be done. If the tariff be reduced this competition would become serious.

In 1905, Canada bought $12,338 worth of butter from Australia, and in 1910 $69,258 worth against a tariff of 3 cents per pound. In 1905 she bought 60,136 pounds of mutton, which by 1910 had increased to 1,377,270 pounds, the duty on this being 3 cents per pound. Australia and several of the most favored nations, such as Argentina, Denmark and Russia, export enormously to Great Britain in competition with Canada, and if they are free to expand their sales in Canada in competition with the Canadian farmer, they will not only damage him in his home market, but will hurt him also in the British market, which has been his principal defence against the frequent hostile tariff measures of the United States. This market should in the future be the chief factor in Canadian export trade.

MUST CONTROL OVERSEAS TRADE.

As the United States and Canada export the same goods in competition with one another, and as prices in the export markets ultimately govern prices near the point of production, the United States market is not the true market for Canada,

unless Canada is willing to lose her distinctive identity in the commercial world. A nation cannot be really self-contained. It must trade with other nations, and it can only achieve a distinctive position in the world by keeping a distinct place in the markets where it competes. It is a remarkable fact in history that no country ever became commercially great which did not control overseas trade.

Trade between Canada and the United States differs vitally from trade between countries separated by the sea, having different racial characteristics, different languages, different methods of government. The language factor alone is of the greatest importance. **The road to commercial unity must inevitably be also the road to political unity.**

CANADIAN PRODUCTS LOSE IDENTITY.

Mr. Bryce, the present British Ambassador at Washington, was famous as a historian long before he became a politician and diplomatist. His book, "The American Commonwealth," has for many years been a leading authority on the political methods and tendencies of this continent. In the latest edition Mr. Bryce says:—

> The material growth of Canada would probably be quickened by union (with the United States) and the plan of a commercial league or customs union, which has lately been discussed, might, if carried out, lead to a political union. Indeed, it is hard to see how otherwise Canada could have her fair share in adjusting such tariff changes as might from time to time become necessary.

If there is such a commercial union between Canada and the United States as President Taft desires, the commerce of Canada will be no more distinctive than the commerce of the individual States. It will be as truly lost in the general trade of the United States as the commerce of various States is to-day. It will be like the business of a single factory which forms part of a great industrial merger.

WE BORROW BRITISH MONEY.

Canada has borrowed abroad hundreds of millions of dollars with which to develop her resources. She must pay the interest on that money by exports of surplus products not consumed by her own population. For the preservation of Canada's commercial identity, she should export through her own channels, and not through those of the United States.

It happens that this necessity for controlling the direction of her own trade and keeping its movement as far as possible on her own soil is harmonious with her position within the British Empire, and gives her a unique place in the readjustment of influence and business within the Empire. This is the outstanding factor of British history in the twentieth century, and is the real and abiding justification for Sir Wilfrid Laurier's boast that the twentieth century will be found to belong to Canada.

Having deliberately planned a policy of development of inter-Provincial and inter-British trade, and having spent hundreds of millions of dollars to justify that policy, nothing could be more foolish than for Canada to give her competitors the very advantage they seek, in order to enable them to attach that commerce to themselves, and to magnify and multiply their home market at her expense. Consider what Canada has done to promote trade within herself, and within the British Empire. The Federal and Provincial Governments and municipalities have spent nearly five hundred millions of dollars in cash on railways and canals. The Dominion and Provincial Governments have guaranteed bonds for railway construction amounting to more than one hundred and fifty millions of dollars, fifty-five millions of acres of the public domain have been granted to railway companies in aid of construction.

BLOW AT G.T.P. SCHEME.

Sir Wilfrid Laurier has repeatedly stated that the work which he most desires to bequeath to the country is the Transcontinental Railway, the need for the completion of which furnished for the general election of 1908 the Liberal slogan, "Let Laurier finish his work."

This railway is in two sections, the National Transcontinental portion of 1,800 miles from Moncton to Winnipeg, and the Grand Trunk Pacific portion from Winnipeg to Prince Rupert. The total obligation entered into by the people on account of these railways is as yet unknown, but the admitted cost of the National Transcontinental portion is over one hundred and forty-five million dollars, or more than eighty thousand dollars per mile.

The railway enters the wilderness north of Quebec, and for 1,300 miles does not pass through a single village in existence before the railway was planned. To pay the interest on the cost of construction alone, this portion of the railway will have to earn about $3,000 per mile per annum, over and above the cost of operation. This fixed annual charge is one of the most striking illustrations of the extent to which Canada has financially committed herself to maintain her east and west channels of trade, which are essential to her commercial identity and her national distinction.

CANADIAN FARMERS' SAVIOUR.

The railway, the Premier said, was to have the double advantage of developing inter-provincial trade and of facilitating exports to and imports from Great Britain. It was deliberately undertaken as a method of destroying the possibility of the United States diverting Canadian trade southward, and dominating it from that country.

No National Policy was ever more clearly defined than this policy of inter-provincial and inter-Imperial trade. What does inter-Imperial trade mean to Canada? Primarily it means trade with Great Britain.

Apart altogether from the question of Canadian commitments for British money invested in the country, **the British market has been the saviour of the Canadian farmer** from disaster more than once. Next to the home market, it is his most important asset, because it is not only large but permanent, and its conditions are absolutely different from those of the United States markets. The British Islands cannot grow enough to feed the whole of their population. They are compelled to import food.

THE 1854 TREATY AND AFTER.

The Reciprocity Treaty arranged between Canada and the United States in 1854 secured for eleven years practically free access to the United States market for the Canadian farmer. When in 1866 the treaty was abrogated by the United States, the Ontario and Quebec farmers had come to lean upon the Republic for their market. They thought they were ruined when it was closed against them, but their real prosperity lay in the death of the treaty.

They had been shipping their hay and barley to the United States regardless of the fact that they were exporting the fertility of their land. Driven out of the market which had been made valuable by the Civil War of 1861-5, they went into stock-raising and dairying and created a trade with Great Britain that was worth more than that which they had lost, for, by causing the farmer to feed his crop to his own stock, the fertility of the soil, which had been impoverished through yielding to the temptation of the American market, was restored. **Canadian cheese, to name one product only, has come to enjoy the premier reputation in the British market,** where, during the year ended March 1, 1911, 20,577,542 pounds were sold.

IMMENSE BRITISH PURCHASES.

The total exports from Canada to the United Kingdom for the twelve months ended March 31, 1911, amounted to $137,158,711. The principal items comprising this total were as follows:—

Living animals	$ 7,981,922
Grain	45,648,146
Grain products and breadstuffs	10,159,014
Fish	4,035,620
Fruits	1,850,485
Furs and skins	2,690,062
Hay	1,152,629
Leather and manufactures of	1,724,416
Silver and other metals	7,973,291
Paper	841,100
Butter	401,621
Cheese	20,577,542
Bacon, etc.	8,837,429
Seeds	2,713,330
Wood and manufactures of	12,883,567
Foreign produce	4,808,187

The British demand for Canadian natural products is increasing, not only because of the greater interest that is being taken in everything Canadian, but because of the increase of British population. In the ten years covered by the census taken last April, the population increased 3,547,426 or about fifty per cent. of the whole population of Canada.

AMERICANS SCARED AT LOSS.

Relatively, the trade of the United States in the British market is declining. To recover control of it is one of the objects of the United States in seeking reciprocity with Canada, according to the evidence of such witnesses as the Hon. P. C. Knox, Secretary of State, (who negotiated the proposed agreement on behalf of President Taft), Mr. J. J. Hill, the North Western Miller and the Minneapolis Journal:

Hon. P. C. Knox:—

The free admission of grain from Canada meets the present situation and provides against future contingencies when the Canadian surplus becomes greater by placing the control in the hands of our own grain growers.

Mr. J. J. Hill:—

The future union of all parts of the British Empire in a commercial federation is almost certain. When that shall have been concluded, under a system of preferential advantages securing the English market to a colonial producer of raw materials and food products, and the colonial market to the English manufacturer, it will strike the United States a double blow. Our best customer, Great Britain, and our third best, Canada, will trade less and less with us and more and more with each other. And it will then be permanently impossible to repair our error. Political and economic weather signals indicate that, should the present measure fail, no other can succeed it for many years, if ever.

NO DOUBT OF THIS CHECK.

The North Western Miller:—

Reciprocity with Canada will annihilate the Colonial Preference programme in Great Britain, which, if carried into effect, would practically ruin the export trade of the United States with Great Britain.

The Minneapolis Journal:—

To-day England is our best customer, and Canada is our third best customer. But our foreign trade wanes, and that of Canada grows. If we push Canada into England's arms, the trade arrangements between the two will tend more and more to shut us out.

How long will our trade with these two customers last if reciprocity fails? Our Canadian trade must fall off, as the east and west channels of her commerce are scoured by use. And Canada will more and more supply English needs in our stead.

There can be no doubt that reciprocity with the United States will check trade with Great Britain, and the further development of it under the British Preference, and it is a poor and unpatriotic reply to say that we have tried to get a preference from Great Britain and have so far failed. Sentiment in favor of Canadian and Colonial preference is growing there rapidly.

The first general election in Great Britain after Canada had given her a preference was held in January, 1906. The Free Trade Government was returned by a majority of 334. This

included 83 Irish Nationalists, who place Home Rule before everything else, but who are believed to be generally favorable to Tariff Reform.

In the general election of January, 1910, this majority fell to 124 and in the general election of December, 1910, it became 126. These elections were complicated by the House of Lords question. In England there is a majority of 13 for Tariff Reform and Preferential trade. In Lancashire, regarded as the citadel of Free Trade, the Preferentialists increased their representation from 15 in 1906 to 18 in January, 1910, and 24 in December, 1910.

Preference in the British Islands for Canadian goods over United States goods, therefore, is not as far off as the supporters of reciprocity allege. When it is remembered that great changes in policy always take an exceedingly long time to mature in Britain, it is seen that the movement towards Preference with the Overseas Dominions has made unexpectedly rapid progress.

PRESIDENT IS ANTI-BRITISH.

Once more it is apparent that the statesmen of the United States truly discern the signs of the times. They desire to aggrandise the trade of the republic, and to minify the importance of the commerce of the British Empire. The candour of President Taft has been shown in this as in other aspects of reciprocity. At New York on April 27th he said:—

> The bond uniting the Dominion with the Mother Country is light and almost imperceptible. * * * *
>
> The forces which are at work in England and in Canada to make her part of an Imperial commercial band reaching from England around the world to England again by a system of preferential tariffs, will derive an impetus from the rejection of this treaty, and if we could have reciprocity, with all the advantages that I have described, and that I earnestly and sincerely believe will follow its adoption, we must take it now, or give it up forever.

From whatever point of view the problem is approached it is demonstrated that the United States policy of reciprocity with Canada is a policy of weakening the Canadian home market and of destroying Canada's importance in the British Empire, and that it is opposed to the fundamentals of Canadian prosperity. In the working out of this process Canada is to be exposed to a very serious danger from one of the principal commercial evils of the United States which has hitherto only indirectly affected the Canadian people—**the invasion of Canada by trusts** which, in their own country, have used the power of combination to charge extortionate prices for many of the every-day necessities of life.

MEAT TRUST'S OPPORTUNITY.

The Meat Trust, for example, is to be given the opportunity of buying Canadian cattle free of duty. This is intended to result in diminution of the fat stock business of Canada by causing the export of young beasts to the United States for

fattening in the corn belt. By diminishing the supply of home-fed beef to a point below the demand in Canada, not only would the export to Great Britain through Canadian channels be destroyed, but the Meat Trust would have control over the supply of beef to the Canadian people.

The device of reducing the Canadian duty on meat by 1¾ cents per pound, which, it is claimed, will reduce prices to the consumer even if the farmer receives a higher price through the competition of the markets of Buffalo and Detroit, will be of no real benefit to the consumer, because the Trust will control the whole supply and will be able to follow its time-honored custom of first slaughtering prices so as to gain control of the market, and then raising them to a higher level than before and keeping them there.

USELESS ANTI-TRUST LAW.

Having its headquarters in the United States and regarding Canadian business as a mere annex to its operations, the Trust will be able to set at naught the legislation in Canada which has been designed to prevent unfair combinations in Canada.

That legislation which provides for enquiry by judges into the transactions of any commercial combination has been declared by its author, the Minister of Labor, to be most effective. But it would not operate successfully against an American Trust with headquarters in the States, which, in practice, would control the supply of beef even more stringently than it controls it in the United States, because of the exportation of stock from Canadian farms for fattening in the States. If the Commercial Union, which President Taft prophesies as the outcome of reciprocity, takes place, Canada cannot prevent the affliction of the Trust exactly as it prevails in the United States. The wise course is to develop and control our own trade, in the home market and foreign market, in our own way.

REAL BASIS OF FARM FINANCE.

Whatever theory may be advanced to explain the change in the farmer's conditions, nothing can alter the fact that the prices paid to him for his produce have increased much more rapidly than the prices which he pays to the manufacturer for his goods. The facts were concisely stated by the Hon. Clifford Sifton in his speech to the House of Commons on February 28th:—

> Grain and fodder, including thirteen selected standard commodities, have risen in value 49.9 per cent.; cattle and cattle products, hogs and hog products, sheep and sheep products, fowl and turkeys have risen 48.6 per cent.; dairy products have risen 33 per cent. Now, for the purposes of comparison, let us make a different division: Crude farm products have risen 37.3 per cent.; manufactured farm products have risen 34.1 per cent.; average for crude and manufactured farm products, of 35.7 per cent.

This is what the farmer sells. Now, consider what he buys. He buys imported foods, woollen goods, cotton goods, boots and shoes, metals and implements. The average increase of these commodities are as follows: Imported foods, decreased 4 per cent.; woollen goods increased 23.3 per cent.; cotton goods increased 25 per cent.; boots and shoes increased 25 per cent.; metals and implements increased 2.4 per cent.; an average of all these of 14.3 per cent.

Thus, we see that the staple lines of goods which account for at least nineteen-twentieths of the average farmer's expenditure, have increased 14.3 per cent., while the goods which he sells have increased 35.7 per cent. There you have an absolutely conclusive demonstration of the position of the two classes of the community. There you have proof of the fact that the urban community is not living at the expense of the farmer, but the farmer himself is getting more than his share of the general prosperity of the community. So, then, we have prosperity, soundness, and—what else? Independence; an independent market for everything we raise and everything we sell. The local market of Canada takes from 80 to 90 per cent. of every thing raised in Canada by our farming population. Where do we send the rest? We send it to the great, free, open market of Great Britain, from which market nothing but our own foolishness can possibly exclude us. So, we have prosperity, soundness and absolute idependence in our markets.

TARIFF THE FARMER'S FRIEND.

Continued improvement in farm life must be made along the line of developing the markets on which the existing prosperity has been founded, and not in deflecting sales to a territory which offers only the possibility of temporary advantage along with the certainty of a permanent deflection and diminution of the purchasing power near at hand.

A country cannot be prosperous merely because of its tariff, any more than it can be rich merely because it has a fertile soil or a delightful climate. Modern commerce has become so complex that every great country except Britain has adopted the protective principle for the development of its domestic industries, and in England, agriculture has been for a generation the least flourishing of all the industries.

In the case of Canada there has been, and is, a singularly appropriate combination of tariff for protection and tariff for revenue. **The manufacturer could not have become established without a tariff. The farmer would have had a vastly inferior market without it,** and would have found the burden of taxation correspondingly heavier because of his inability to sell more than a small proportion of his produce in his own country.

DIRECT TAXATION IS DECEPTIVE.

If direct taxation were substituted for the Tariff to-morrow, the short-cut to hard times would be opened. In the first place the larger and more highly organized industries of the United States would be able to destroy many Canadian industries. They could afford to do it by a vigorous campaign at cut-throat prices in order to obtain permanent control of the trade. The manufacturers of Europe, who pay very much lower wages than are paid in Canada, and who produce in the midst of an extraordinary populous market, would also be able to pour

goods into Canada, and the Canadian manufacturers would face the alternative of reducing wages or of closing their factories.

The employment and purchasing power of the industrial population thus having been reduced, the demand for perishable farm produce would correspondingly decline; prices would fall, and the farmer would find his circumstances very much worse than they are now.

DON'T CUT YOUR NOSE.

To give Washington a Reciprocity Agreement because the tariff made at Ottawa may here and there have given an undue advantage to a Canadian manufacturer, is about as sensible as to cut off your nose to spite your face. Parliament is supreme in a British country. When it passes laws against improper trade combinations, the judges carry out those laws in a manner which saves the administration of justice from such reproaches as those passed upon United States administration of justice by President Taft, himself an ex-judge, when he said:—

> I grieve for my country to say that the administration of criminal law in all the States of this Union (there may be one or two exceptions) is a disgrace to our civilization.

FOR STRONG TARIFF COMMISSION.

Parliament which has the right to protect industry by tariff, has an equal right to demand that industry shall not only operate within the confines of the tariff, but that the tariff shall be adjusted as need arises to meet the cost of production in and distribution from competing countries. The imposition of the tariff is in itself a regulation of commerce, and to see that the consumer is not unduly exploited by the manufacturer and to create a commission for that purpose is as much the duty of Parliament as is the regulation of railways and the creation of the Railway Commission. The tariff secures the manufacturers against extinction by powerful foreign forces. A permanent Tariff Commission will be as valuable to the country as the Railway Commission has proved to be.

Opponents of the Reciprocity Agreement say that for the improvement of trade and the morale of trade in Canada, the wisest method is that which carries to its logical outcome the system of encouraging home markets, of strengthening our hold on the British market, and of keeping clear of entanglements with a very powerful neighbor who seeks to control our business, and whose defects of method, as enumerated by its own most highly placed officers, are a warning to us to preserve our own nationality, our commercial and political connection with Great Britain and our unquestioned fiscal independence.